

# REPORT

**DATE:** February 2, 2006

**TO:** Administration and Regional Council

**FROM:** Lambertus H. Becker, Interim Chief Financial Officer  
213-236-1804 [becker@scag.ca.gov](mailto:becker@scag.ca.gov)

**SUBJECT:** Ratify Execution of Caltrans Agreement 07-4754 to Contribute to Caltrans 2005 Federal Appropriation Act Section 117 Funds & Associated Matching Funds

**EXECUTIVE DIRECTOR'S APPROVAL:** 

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## RECOMMENDED ACTION:

Ratify execution of Caltrans Agreement #07-4754 to contribute to Caltrans 2005 Federal Appropriation Act Section 117 funds & associated matching funds

## SUMMARY:

The 2005 Federal Appropriation Act, Section 117 included \$992,000 in funds designated for SCAG. This appropriation will be transferred to the State for a transportation project, effectively repaying the state the amount of the disputed HDR disallowance. Caltrans Agreement #07-4754, reflecting this contribution, and the payment by SCAG of an additional \$62,017 in required matching funds, has been executed by SCAG's Executive Director at Caltrans request to expedite the resolution of this matter and remove SCAG from the "high risk" designation.

## BACKGROUND:

In 2003 Caltrans disallowed SCAG payments made to a contractor (HDR) for a study performed on behalf on RCTC and SANABG. SCAG disputed the Caltrans decision and has been negotiating with Caltrans and the federal Department of Transportation for positive resolution of the issue.

Ultimately, SCAG was successful in obtaining 2005 Federal Appropriation Act, Section 117 funds to resolve the issue. In addition, SCAG is required to pay the state \$62,017 as "matching funds" and at the December 2005 meeting, the Regional Council approved the use of General Fund to make this payment.

Per the terms of Caltrans Agreement #07-4754 the federal funding will be transferred to the state for a transportation project, and SCAG will make payment to Caltrans of the matching funds. Caltrans requested that SCAG execute and return the agreement prior to the February Regional Council meeting to expedite the resolution of this matter and remove SCAG from the "high risk" designation. The Executive Director conferred with the SCAG Officers and it was determined that the best course of action was for the Executive Director to sign and return the agreement and obtain ratification of this action at the February Regional Council meeting.

Also attached is a copy of a letter dated October 24, 2005 which verifies that both FHWA and Caltrans concur that this satisfies SCAG's obligation in the HDR matter.

# REPORT

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**FISCAL IMPACT:**

The approval of this item will require a match of \$62,017 from the General Fund. Funds were budgeted for this purpose in the current year's General Fund and approved by the Regional Council on December 1, 2005.

Agreement Attached

Doc # 117934

000017

## DEPARTMENT OF TRANSPORTATION

DIVISION OF LOCAL ASSISTANCE - MS 1

1120 N STREET

P. O. BOX 942873

SACRAMENTO, CA 94273-0001

PHONE (916) 653-1776

FAX (916) 654-2409

TTY (916) 653-4086

*Flex your power!  
Be energy efficient!*

October 24, 2005

Ms. Heather Copp, Chief Financial Officer  
Southern California Association of Governments  
818 West Seventh Street  
Los Angeles, CA 90017-3435

Dear Ms. Copp:

This is to follow up on the letter signed by Brian Smith dated May 04, 2005, regarding the Federal-Aid Ineligibility Notice (FIN) 06-03-002.

Per our discussion with you, we have calculated the repayment amount. The total repayment amount is \$1,054,017 (see enclosure). The Southern California Association of Governments (SCAG) agrees to pay this amount in full satisfaction of FIN 06-03-002 to the California Department of Transportation (Department) as follows:

SCAC will contribute \$992,000 of Federal funding obtained pursuant to Section 117 of the 2005 Federal Appropriation Act towards a Department project as designated by the Department. The remaining \$62,017 will be paid by SCAG upon receiving an invoice from the Department. SCAG has no prior or future financial commitment or obligation to the Department project. Upon receiving final payments, the Department will release SCAG from any further financial commitment regarding the FIN 06-03-002.

The Federal Highway Administration concurs and has no objection with this methodology of payback by SCAG.

Please concur by signing below and return for our records. If you have any questions, please contact me at (916) 653-1776 or Denix Anbiah at (916) 653-3581.

Sincerely,

TERRY L. ABBOTT

Chief

Division of Local Assistance

Enclosure

I concur:

HEATHER COPP

Chief Financial Officer

Southern California Association of Governments

11/1/05  
Date

**SCAG FIN**  
**CALCULATION OF AMOUNT TO BE REIMBURSED BY SCAG**

Nationwide recession to fund Section 117 projects for the first 8 months	=	921,217,220
Annualized amount = $921,217,220 \times 12 / 8$	=	1,381,825,830
California's share of this per minimum guarantee (9.312%)	=	128,675,621
Nationwide funding for Section 117	=	1,201,669,120
Section 117 funding for SCAG	=	992,000
Loss to CA due to SCAG funding = $(128,675,621 / 1,201,669,120) \times 992,000$	=	106,224
 FIN amount, as of 3/13/03	=	 947,793
 <b>Total Amount to be reimbursed by SCAG</b> <b>= 106,224 + 947,793</b>	=	 <b>1,054,017</b>
<b>SCAG's contribution of Section 117 funds</b>	=	<b>992,000</b>
<b>SCAG to pay with its own funds</b>	=	<b>62,017</b>

07-LA-710-KP 29.6/42.6 (PM 18.4/26.5)  
07-242601  
District Agreement No. 07-4754

**CONTRIBUTION AUTHORIZATION AGREEMENT**

THIS AGREEMENT, ENTERED INTO EFFECTIVE ON \_\_\_\_\_, 2005, is  
between the STATE OF CALIFORNIA, acting by and through its Department of Transportation,  
referred to herein as "STATE", and the

SOUTHERN CALIFORNIA ASSOCIATION OF  
GOVERNMENTS, a public corporation in  
the State of California, referred to herein as  
"SCAG".

**RECITALS**

1. STATE and SCAG, pursuant to Streets and Highways Code section 130, are authorized to enter into a cooperative agreement relating to contribution of funds for improvements to State highways within the County of Los Angeles.
2. STATE contemplates the replacement of median concrete barrier along State Route 710 at various locations from 0.1KM south of the Firestone Boulevard Overcrossing to 0.1 KM South of the State Route 10/710 separation, referred to herein as "PROJECT".
3. SCAG desires to contribute \$992,000 of Section 117 funds to STATE from SCAG's allocation from the 2005 Federal Appropriation Act, referred to herein as "FUNDS", and \$62,017 of non-federal SCAG funds, referred to herein as "MATCH FUNDS", shown on Exhibit A, attached to and made a part of this Agreement, toward the payment of PROJECT costs.
4. The parties hereto intend to define herein the terms and conditions under which PROJECT is to be partially financed by this contribution of FUNDS and MATCH FUNDS from SCAG.

**SECTION I**

**STATE AGREES:**

1. To submit a signed invoice, in the amount of \$62,017, to SCAG within thirty (30) days of execution of this Agreement, which amount represents SCAG's MATCH FUNDS contribution for PROJECT.
2. To process all Federal authorizations, State allocations, and/or State application of FUNDS and MATCH FUNDS made on behalf of SCAG as authorized herein and

applicable under Federal and State law for SCAG's contribution of FUNDS and MATCH FUNDS towards PROJECT costs.

3. To utilize FUNDS and MATCH FUNDS for PROJECT costs.
4. Upon completion of PROJECT and all work incidental thereto, to furnish SCAG with a detailed statement of the total of FUNDS and MATCH FUNDS expended to complete PROJECT for costs borne solely by SCAG. Any additional amount required to complete PROJECT pursuant to this Agreement will be borne by STATE unless otherwise agreed to between SCAG and STATE pursuant to an amendment to this Agreement.
5. To obtain SCAG approval in the form of an amendment to this Agreement, should additional FUNDS and/or MATCH FUNDS be required for PROJECT.

## **SECTION II**

### **SCAG AGREES:**

1. To pay or to program, or cause to be paid or programmed, FUNDS and MATCH FUNDS to be utilized by STATE for PROJECT costs in the appropriate RTIP, FTIP, STIP and/or other documents, and to process all programming amendments thereto which may be required for any changes to PROJECT FUNDS and MATCH FUNDS.
2. To deposit with STATE, within thirty (30) days of receipt of the signed invoice described in Section I, Article 1 above, the amount of \$62,017, representing SCAG's contribution of MATCH FUNDS for PROJECT.
3. STATE may encumber and utilize FUNDS and/or MATCH FUNDS for PROJECT as shown on Exhibit A.

4. In the event SCAG believes that changes to the FUNDS or MATCH FUNDS are necessary, to promptly notify STATE to determine if an Amendment to this Agreement should be executed to reflect said changes.
5. To enter into a separate cooperative agreement or an amendment to this Agreement with STATE when funds other than FUNDS or MATCH FUNDS that are under the direct control of SCAG are to be contributed towards PROJECT or when any portion of the work on PROJECT is to be performed by SCAG.

**SECTION III**

**IT IS MUTUALLY AGREED:**

1. All obligations of STATE under the terms of this Agreement are subject to the appropriation of resources by the Legislature, State Budget Act authority, and the allocation of resources by the California Transportation Commission, and the encumbrance and/or receipt of those FUNDS and/or MATCH FUNDS for PROJECT.
2. That STATE's expenditure of FUNDS and/or MATCH FUNDS for PROJECT is subject to the programming and appropriation of those said funds by SCAG.
3. In the event that it is determined that STATE's use of the FUNDS for PROJECT is not an appropriate use of that Federal funding and STATE is either unable to utilize and/or is required to repay said FUNDS, SCAG will, within thirty (30) of receipt of a signed invoice from STATE, pay STATE in full the amount of FUNDS that are unavailable for PROJECT or the entire amount of FUNDS that STATE is required to repay.
4. Exhibit A may be revised by a mutual agreement of the parties in the absence of a formal agreement amending this Agreement to reflect funding increases to be contributed by SCAG for PROJECT. These said revisions to Exhibit A shall be the responsibility of the STATE's District 07 Local Assistance Office.



5. This Agreement shall terminate following completion of PROJECT or on June 30, 2008, whichever is earlier in time; however, Article 3 of Section III shall remain in effect until terminated or modified, in writing, by mutual agreement of parties hereto.

STATE OF CALIFORNIA  
Department of Transportation

SOUTHERN CALIFORNIA ASSOCIATION OF  
GOVERNMENTS

WILL KEMPTON  
Director

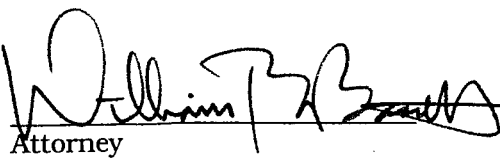
By: 

By: \_\_\_\_\_  
Douglas R. Failing  
District 07 Director

Attest: 

Approved as to Form and Procedure:

Approved as to Form:

By:   
Attorney  
Department of Transportation

By: 

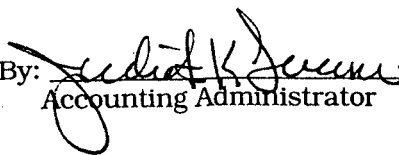
City Attorney

Chief Counsel

Certified as to Funds:

By: \_\_\_\_\_  
Manager, Office of Budgets

Certified as to Financial Terms and Conditions:

By:   
Accounting Administrator

# Contribution Letter for State Administered Projects

Date 12-19-05  
 Local Agency SCAG  
 Agreement No. 07-4754  
 State E. A. No. 07-242601  
 Amendment No. N/A

Local - Federal Fund Type	Local - Federal Contributor Amount	Reimbursement Ratio	Match Fund Type	Match Amount	Current Total	Previous Total	Proposed Change
Section 117 - Federal	\$992,000	100.00%	SCAG funds (Local, non-federal)	\$62,017	\$1,054,017	0	\$1,054,017

Comments:

Notes:

- 1) Identify each Local Federal fund type and match on separate lines with current and previous contributor totals towards the State-Administered project.
- 2) A separate finance letter is required to identify the type and amount of funds to be authorized, allocated, and/or applied to each phase of the work by STATE.
- 3) An amendment to this contribution letter is required for any change to the type and/or amount of funds contributed towards the State Administered project or changes to the EA.
- 4) Local Agency is responsible for all programming changes to the RTIP, FTIP and/or STIP.

Local Agency Signature

*[Signature]* State Project Manager Signature